

SUMMARY ANALYSIS OF AMENDED BILL

Author: Corbett Analyst: Victoria Favorito Bill Number: SB 1285
 Related Bills: See Prior Analysis Telephone: 845-3825 Amended Date: August 12, 2008
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT:	Charitable Contributions/FTB Procedures For Calculating Appropriate Value Of Contribution Of Claims By A Seller That Is Over \$5,000 On Conservation Lands Acquired Using State Funds
<input checked="" type="checkbox"/> DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended <u>August 4, 2008</u> .	
<input type="checkbox"/> AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.	
<input type="checkbox"/> AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.	
<input type="checkbox"/> FURTHER AMENDMENTS NECESSARY.	
<input type="checkbox"/> DEPARTMENT POSITION CHANGED TO _____.	
<input checked="" type="checkbox"/> REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED <u>MARCH 24, 2008</u> , STILL APPLIES.	
<input checked="" type="checkbox"/> OTHER – See comments below.	

SUMMARY

This bill would require the Franchise Tax Board (FTB) to establish appraisal standards and requirements for the purpose of substantiating the amount of charitable contributions claimed by a seller for conservation land acquired using state funds.

SUMMARY OF AMENDMENTS

The August 12, 2008, amendments made the following changes:

- Deleted the August 4, 2008, language that would require FTB to determine the amount of charitable deduction by applying the following:
 1. Use an appraisal conducted by an appraiser appropriately licensed by the Office of Real Estate Appraisers,
 2. Meet applicable standards developed by the workgroup created by this bill, and
 3. Meet federal guidelines.

Board Position:			Asst. Legislative Director	Date
<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP		
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR		
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING	Patrice Gau-Johnson	8/15/08

- Added language that would require a seller to substantiate a charitable deduction of more than \$5,000 on conservation lands acquired by using state funds, by attaching to the income tax return a copy of an appraisal prepared by an appraiser licensed by the Office of Real Estate Appraisers.
- Added a provision that would require the appraisal that is attached to the return to comply with the requirements under the Revenue and Taxation Code (R&TC) and the Internal Revenue Code (IRC) for purposes of substantiating the amount of contribution deduction for federal income tax and California income and franchise tax purposes.

The amendments made other modifications that do not impact FTB and will not be discussed in this analysis.

The August 12, 2008, amendments resolved the department's implementation considerations by accepting, with modifications, the amendments suggested in the department's analysis dated August 4, 2008.

As a result of the amendments, the "This Bill" and "Technical Consideration" discussions have been revised and are provided below. The amendments do not impact state income tax revenue. Except for the "This Bill" and "Technical Consideration," the department's analysis of the bill as amended March 24, 2008, still applies.

ANALYSIS

THIS BILL

This bill would require a seller to attach a copy of an appraisal to the seller's California personal income tax (PIT) return.

This bill would require that the appraisal attached to the California PIT return shall be prepared by an appraiser licensed by the Office of Real Estate Appraisers.

This bill would provide that for purposes of substantiating the amount of contribution for California income and franchise tax purposes, the appraisal attached to the return shall comply with the applicable requirements of the R&TC and the IRC.

TECHNICAL CONSIDERATION

The department has identified a technical consideration and the author's office is working with department staff to resolve this concern.

This bill would require a seller to attach an appraisal to his or her California personal income tax return to substantiate the charitable deduction. If the author intends the bill to apply to corporate income taxpayers, the author may wish to consider revising the language.

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